



United States Attorney District of New Jersey

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CO-OWNER AND EMPLOYEE OF NEW JERSEY MORTGAGE BROKERAGE FIRM PLEAD GUILTY TO ROLES IN MORTGAGE FRAUD SCHEME

NEWARK, N.J. – The co-owner of Ridgewood, New Jersey mortgage brokerage firm Diversified Financial Group, d/b/a Residential Mortgage Corporation (“Residential Mortgage”), and a former Residential Mortgage employee both pleaded guilty today to wire fraud conspiracy in connection with a mortgage fraud scheme, U.S. Attorney Paul J. Fishman announced.

Edward Olimpio, 47, of Boonton, New Jersey, and Rachell Fischbein, 28, of Hillsdale, New Jersey, both entered guilty pleas before United States District Judge Susan D. Wigenton, admitting that they conspired with each other and others – including a co-conspirator who during the relevant time period served as the Chairman and a Commissioner of the Bergen County Improvement Authority (BCIA) – to commit wire fraud in connection with fraudulent mortgage and home equity loans brokered by Residential Mortgage between 2006 and 2009. The scheme allegedly involved the submission to mortgage lenders of fraudulent loan applications and supporting documents that falsely claimed borrowers were employed by and receiving income from BCIA.

According to the Informations to which the defendants pleaded guilty and statements made in Newark federal court:

Olimpio and Fischbein admitted that they, along with other participants in the mortgage fraud scheme, would falsely represent on mortgage loan applications and other documents that certain borrowers were employed by and received salaries from the BCIA, when those individuals did not work there. In support of these false representations, the co-conspirators arranged for the BCIA staff to falsely respond to telephone calls from banks and other mortgage lenders seeking to verify borrowers’ employment. Olimpio and Fischbein also admitted that they and their co-conspirators created and arranged for the creation of phony BCIA pay stubs and IRS Forms W-2, which were also submitted to lenders.

Olimpio, Fischbein, and their co-conspirators also made false representations regarding borrowers’ employment at places other than the BCIA, and created similar false documentation in support of such claims. They also created false asset information for borrowers, including by falsifying certain co-conspirators’ own bank and brokerage account statements to make it appear that the statements belonged to the borrowers.

Both defendants pleaded guilty to one count of conspiracy to commit wire fraud, which carries a maximum potential penalty of 20 years in prison and a \$250,000 fine.

Fishman credited Special Agents of the Federal Bureau of Investigation, under the direction of Special Agent in Charge Michael B. Ward, and the Internal Revenue Service – Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, for their work in the investigation of this case. He added that the investigation is ongoing.

The case is being prosecuted by Assistant U.S. Attorney Rachael A. Honig, Deputy Chief of the U.S. Attorney’s Office Criminal Division.

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Defense counsel:

Edward Olimpio – Aidan P. O’Connor, Esq., Roseland, N.J.

Rachell Fischbein – Henry E. Klingeman, Esq., Newark, N.J.